Media information
For immediate release

JTI Philippines urges ASEAN to harmonize rules vs. illicit tobacco trade

Regional alignment to close loopholes, protect revenues and strengthen legitimate trade

MANILA, August 14, 2026 — With illicit tobacco trade costing ASEAN governments billions in lost revenues and criminal networks increasingly exploiting cross-border regulatory gaps, JTI Philippines (JTIP) yesterday called for a region-wide effort to strengthen export controls and harmonize export requirements with destination-market regulations.

JTIP said products intended for export should comply not only with the laws of the exporting country, but also with the fiscal, packaging, labelling, tax-marking, and other regulatory requirements of the destination market. The approach would help close vulnerabilities that allow products to leave one market legally but enter another market illicitly.

This destination-market compliance approach would help prevent legally produced goods from being diverted into illicit channels, strengthen export verification, and close the regulatory loopholes that transnational smuggling networks exploit across borders.

"Illicit tobacco trade is a regional problem that requires a coordinated regional response," said Mario Zinampan, Director for Fiscal and Regulatory Affairs of JTI Philippines, during the annual economic forum of the Economic Journalists Association of the Philippines (EJAP).

"As ASEAN becomes more economically integrated, weaknesses in one jurisdiction can create vulnerabilities for neighboring markets. Harmonized rules, stronger information-sharing, and more consistent enforcement can help protect government revenues, legitimate businesses, consumers, and farmers," he added.

JTIP said the development of an "ASEAN Declaration on Harmonizing Rules to Combat Illicit Trade in High-Risk and Sensitive Goods," together with guidelines would encourage member states to adopt shared standards on export integrity, customs cooperation, track-and-trace interoperability, and intelligence exchange.

Under the proposal, ASEAN countries may strengthen controls by requiring exporters to comply with destination-country rules; improving proof-of-export and verification requirements; enhancing customs coordination; exchanging information on illicit routes and diversion schemes; and promoting interoperable systems to support real-time monitoring of goods moving across borders.

Zinampan clarified that the proposal is not intended to harmonize domestic tobacco policies or override national regulations of each ASEAN nation. Instead, it seeks to establish common export integrity principles so products moving across ASEAN borders are less vulnerable to smuggling, misdeclaration, undervaluation, counterfeiting, and diversion.

At the EJAP economic forum, JTIP also cited the growing economic and enforcement challenges posed by illicit tobacco trade in both the Philippines and the wider ASEAN region.

Zinampan noted that legal cigarette volumes in the Philippines have declined sharply since 2019, while illicit cigarettes have continued to increase their share of total consumption.

According to the latest Euromonitor study cited by JTIP, the Philippine government lost an estimated P141 billion in revenues from illicit tobacco trade over the last two years, with one in four cigarettes sold in the country considered illicit.

Across ASEAN, the six markets covered by the study lost an estimated $13.1 billion, or around P739 billion, in revenues from illicit tobacco trade from 2024 to 2025. Indonesia was the biggest loser with losses amounting to $5.6 billion, followed by Malaysia and the Philippines at $2.5 billion in revenue losses each.

Illicit tobacco incidence in the region is expected to climb to 27.8% in 2028 from 23.6% in 2025, according to Euromonitor.

JTIP also pointed to a United Nations Office on Drugs and Crime (UNODC) report linking illicit tobacco smuggling to organized criminal and terrorist networks, with proceeds from illegal trade used to fund their operations.

Maritime routes used for illicit tobacco trade between ASEAN nations are also exploited for drugs, weapons, and human trafficking, according to the same UN report.

The JTIP official said illicit tobacco trade has evolved beyond a customs or tax concern, noting its wider impact on public finance, law enforcement, legitimate retail, agricultural livelihoods, and confidence in regional markets.

“Because the problem crosses borders, the solution must also cross borders. A resilient ASEAN economy must be able to resist the spread of illicit trade,” he stressed.

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About JTI in the Philippines

JTI in the Philippines is a global tobacco company with close to 40 branch offices across the country. It is the distributor of international brands Winston, Camel, Mevius, LD, and local brands Mighty and Marvels. New to its Philippine portfolio is its smoke-free, vapor-free nicotine product, Nordic Spirit, which is a leading brand of nicotine pouches, and more recently its introduction of Ploom X Advanced, an innovative heated tobacco product that combines high-end technology with award-winning sleek and stylish design. JTI’s portfolio applies Japanese standards of quality control, upholding the company’s commitment to excellence in production. With its market headquarters and a global business services center in Taguig City alongside its manufacturing facility in Malvar, Batangas, the company employs close to 5,500 people and has been awarded Top Employer for the third consecutive year. Furthermore, the company is now in receipt of EY’s Global Equality Standard (GES) certificate for equality, diversity and inclusion excellence. For more information, visit www.jti.com/asia/philippines.

About JTI

JTI, a member of the JT Group, is a modern and dynamic international company, passionate about quality and innovation. It sells its products in over 130 markets with the goal of bringing exceptional tobacco and nicotine experiences to its adult consumers. JTI is the global owner of both Winston and Camel, respectively the second and third largest combustible brands in the world. Other global brands include MEVIUS and LD. It is also present in the Reduced-Risk Products category with its heated tobacco brand, Ploom, vaping brand, Logic, and Nordic Spirit nicotine pouches. Headquartered in Geneva, Switzerland, the Company employs over 46,000 people and was awarded Global Top Employer for the twelfth consecutive year in 2026. For more information, visit www.jti.com.